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Testimony of
MARK B. GLICK, Chief Energy Officer

before the
SENATE COMMITTEE ON ENERGY, ECONOMIC DEVELOPMENT, AND TOURISM

Wednesday, April 17, 2024
1:00 PM
State Capitol, Conference Room 225 and Videoconference

In Support of
HCR 213, HD2

**REQUESTING THE HAWAII STATE ENERGY OFFICE TO CONVENE A
RENEWABLE LIQUID FUELS WORKING GROUP TO STUDY LOCAL
PRODUCTION, DEVELOPMENT, AND INCENTIVES FOR RENEWABLE LIQUID
FUELS.**

Chair DeCoite, Vice Chair Wakai, and members of the Committee, the Hawai'i State Energy Office (HSEO) supports, with amendments, HCR213, HD2, requesting HSEO to convene a renewable liquid fuels working group to study local production and potential incentives for renewable liquid fuels for use in the transportation sector.

Hawai'i's energy strategy seeks to establish an affordable, clean, resilient, and diversified energy resource portfolio. HSEO acknowledges that locally-produced renewable fuels should play a vital role in the energy mix needed to decarbonize the transportation sector and contribute to Hawai'i's 100% renewable portfolio to the extent possible while balancing food and energy security policy objectives. However, land availability severely limits the amount of local production towards Hawai'i's economic, energy and agricultural objectives. HSEO finds merit in convening local experts to openly review and assess the analytical basis of potential opportunities, synergies, and barriers for these fuels.

Renewable liquid fuels have the potential to decrease carbon emissions from transportation, especially in aircraft and medium and heavy-duty vehicles. However, the

Decarbonization Report prepared by HSEO pursuant to Act 238 (2022) and submitted to the Hawai'i Legislature in December of 2023 pointed out that renewable liquid fuels have widely varying environmental and cost profiles, depending on a variety of factors.¹ The proposed working group could bring together the appropriate energy stakeholders to meaningfully engage in a review of resource base potential and the most appropriate approaches, strategies, realistic quantities, and associated incentives and recommendations for local production of renewable liquid fuels.

HSEO notes that the scope for this unfunded, multi-part evaluation, involving numerous parties, is very broad. In order to provide a more focused evaluation, consistent with the stated objectives of the resolution and with a greater chance of reportable results within the timeframe, HSEO recommends narrowing the scope; providing for an interim report, with recommendations, by January; and providing a final report twelve months later. This way, any topics that are still under discussion in the first phase can be presented in draft form, at least, by January, including supporting information as it exists at the time.

In support of this, HSEO respectfully recommends the following changes to the measure.

To narrow the scope to focus on fuels for the transportation sector, HSEO recommends removing the text on page 3, lines 2 through 7:

~~(3) A representative from Hawaiian Electric;~~
~~(4) A representative from Hawaii Gas;~~
~~(5) A representative from the Kauai Island Utility Cooperative;~~

To further clarify and narrow the scope, HSEO recommends that the working group topics (1) and (2) be combined, (3) be revised, and (4) be deleted from this measure due to time and resource constraints. Beginning on page 3, starting on line 22, the new item would read as follows:

¹ Hawai'i State Energy Office (2023). Hawai'i Pathways to Decarbonization Report to the 2024 Hawai'i State Legislature Act 238 (SLH 2022). Available at: https://energy.hawaii.gov/wp-content/uploads/2022/10/Act-238_HSEO_Decarbonization_FinalReport_2023.pdf pages 105 and 113

BE IT FURTHER RESOLVED that the working group is requested to:

- (1) [Facilitate] Identify potential feedstocks and production technologies suitable for the local production of renewable liquid fuels, including renewable diesel, naphtha, and sustainable aviation fuels;
- (2) ~~[Identify potential feedstock and production technologies suitable for production and use within the State;]~~ Identify costs, benefits, and risks of local renewable liquid fuel production; and
- (3) Evaluate existing and potential new ~~[tax]~~ incentives for the development and utilization of renewable liquid fuels in Hawaii~~;~~ and
- ~~(4) Evaluate the adoption of a clean fuel standard to incentivize the use of renewable liquid fuels];~~

To enable the production of an interim report with recommendations by January, including supporting information as it exists at the time, HSEO recommends the following insertion on page 3, line 43:

BE IT FURTHER RESOLVED that the working group is requested to submit to the Governor and Legislature ~~[a]~~:

- (1) A report providing an update of its work and progress no later than January 1, 2025; and

To ensure time for report production, HSEO recommends the following revision beginning on page 3, line 44:

- (2) A final report of its findings and recommendations, including any proposed legislation, no later than January 1, 2025~~6~~; and

Finally, for consistency with the focus on transportation, HSEO recommends the following deletions on page 4, beginning on line 11:

~~President and Chief Executive Officer of Hawaiian Electric;
President and Chief Executive Officer of Hawaii Gas; and
President and Chief Executive Officer of Kauai Island
Utility Cooperative.~~

HSEO is committed to the near-term development of effective solutions for renewable liquid fuels that foster affordability, lower carbon intensity of our existing fuel mix, and energy security and access to capital to move forward Hawai'i's energy transition. HSEO looks forward to supporting this sector of the energy economy.

Thank you for the opportunity to testify.